



San Diego City Attorney **MICHAEL J. AGUIRRE**

NEWS RELEASE

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SAN DIEGO COMMUNITY COLLEGE DISTRICT URGED TO RETAIN A FORENSIC AUDITOR TO REVIEW ALL DOWNTOWN LAND PURCHASES

City Attorney Michael Aguirre Sends Letter to Chancellor Carroll

San Diego, CA: The Board of Trustees of the San Diego Community College District (SDCCD) has been urged by the San Diego City Attorney to immediately convene a special public meeting to retain an independent forensic audit firm that would review all land purchases the District has made near its downtown San Diego City College campus.

“I am asking that the Board of Trustees act to protect taxpayer and public bond funds entrusted to the District by the People of the City of San Diego,” said City Attorney Michael Aguirre. “In light of recent news accounts of alleged waste and misuse of \$500,000 in bond monies to purchase a duplex located on 15th Street adjacent to City College, it is imperative that the Board of Trustees act swiftly.”

The request was made today in a letter to District Chancellor Constance Carroll after it was reported last week by the San Diego Union-Tribune newspaper that in January 2006 the District paid \$1,284,375 to purchase the property shortly after it was acquired by two San Diego businessmen for \$750,000.

According to the news article, in their dealing with the property owners, the businessmen misrepresented themselves as agents for the Community College District and promised the sellers certain tax benefits by selling the land for public use.

In November 2002, San Diego City voters approved \$685 million in bonds (Proposition S) for the acquisition, construction, renovation, repair and modernization of SDCCD properties. A second bond sale was passed by voters in July 2006 (Proposition N) for the purpose of replacing and repairing old facilities. In his letter, the City Attorney reminded the Chancellor that State Proposition 39, passed in 2000, requires independent audits to ensure that bond funds have been expended only on specific projects, and that the audits are to be performed for the life of the bond.

The City Attorney also noted in the letter that the audit report by SDCCD’s auditor, Caporicci and Larson, for the year ending 30 June 2006, did not disclose or address the alleged waste or misuse of the \$500,000 of public funds. Moreover, the SDCCD’s Citizen Bond Oversight Committee did not address this alleged misuse or waste of the \$500,000.

(MORE)

“Those facts, together with the failure of this audit firm to address the alleged misuse of the \$500,000, brings into question whether sufficient internal and external controls have been established by the SDCCD to safeguard the \$1.5 billion in bond proceeds authorized by voters in two public bond measures in 2002 and 2006,” said City Attorney Aguirre.

The City of San Diego previously used the Caporicci and Larson audit firm in connection with its 2002 and 2003 audits. The City, however, was required to retain a new accounting firm which discovered several hundred million dollars of errors in the financial statements previously audited by Caporicci and Larson firm.

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